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May 14, 1996

VIA MESSENGER

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W.
Room 222, Stop Code 1170
Washington, D.C. 20554

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MAY 14 1996

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Re: WT Docket No. 96-59; GN Docket No. 90-314
Ex Parte Presentation

Dear Mr. Caton:

In accordance with the Commission's rules, this is to serve notice that Daniel Riker, of DCR Communications, Inc. and DCR PCS, Inc., and undersigned counsel, met on May 13, 1996 with Kathleen O'Brian Ham, Sue McNeil, Mark Bollinger, Jay Watkins, and Wendy Chow of the Wireless Bureau; with Kathy Sandoval of the Office of Communications Business Opportunities; and with Jackie Chorney, of Chairman Hundt's office, to discuss matters raised in the above-referenced proceeding.

Sincerely,


Lynn R. Charytan

cc: Kathleen O'Brian Ham
Sue McNeil
Mark Bollinger
Jay Watkins
Wendy Chow
Kathy Sandoval
Jackie Chorney

**EX PARTE PRESENTATION REGARDING
10 MHz AUCTIONS NPRM**

**WT Docket No. 96-59
GEN Docket No. 90-314**

COOK INLET REGION, INC.

Cook Inlet recommends adoption of several key provisions (i) to prevent further concentration of licenses and (ii) to achieve a broader dissemination of licenses among a wide variety of applicants (including small businesses, minorities, and women)¹

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FEDERAL COMMUNICATIONS COMMISSION
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- **Extend Small Business Preferences to the D and E Blocks.**
 - Extend small business preferences -- including bidding credits -- to the D and E Block auctions. Installment payment terms alone, while helpful, will not fully promote the Commission's and Congress' goals if small businesses are not able to acquire a reasonable number of licenses.
 - Retain the Control Group "25%" and "50.1%" equity investment options.
- **Eliminate Preferences for Bidders and Investors That Have Won Large Amounts of Spectrum in the C Block Auction.**
 - Provide that C Block licensees (including their attributable investors) for BTAs covering more than 2 percent of the national population -- approximately 5.05 million pops -- are ineligible for further government-funded benefits and preferences within the D, E, or F Blocks.
 - Include the value of any licenses won in the C Block auction in the total assets calculation for admission to the F Block auction.
- **Allow a Reasonable "Deal Period" Prior to Start of the Auctions.**
 - Many potential strategic and financial partners are awaiting issuance of the auction rules before engaging in serious discussions with small businesses. The uncertainty of the rules (3 auctions, potentially different categories of eligibility and performances) has thus stalled out a lot of partnership transactions. Notwithstanding the need for proceeding ahead, we strongly recommend a reasonable "deal period" of four to five months

¹We currently believe that the best practical proxy for encouraging participation by minorities and women is the small business category.

after the rules are announced and before the filing date to ensure small business participation. We believe this factor (plus possible legal issues concerning recent legislation) outweighs other concerns and that a steady and deliberate time frame is most appropriate.

- **Allow Small Businesses to be "Partitionees".**
 - This issue has been raised by comments in this proceeding. Cook Inlet believes the limitation of this benefit to rural telcos has unfairly eliminated genuine opportunities for small businesses. We strongly urge that the class of "partitionees" be expanded to include small businesses in order to achieve a broader dissemination of licenses among a wider variety of applicants.
- **Adopt Rules to Discourage Speculative Bidding.**
 - Increase down payments to 30 percent of the winning bid and increase the upfront payments required of entrepreneurial bidders to \$0.02 per MHz per pop. This will weed out speculators, force entrepreneurial bidders to demonstrate that they have the wherewithal to make good on their bids, and discourage defaults.
- **Retain the Cellular-PCS Cross-Ownership Rule.**